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Tax Features

Senate Finance Committee Hears Foundation Testimony On Amortization of Intangibles

Williams Urges Simplification

On April 28, 1992, Tax Foundation chief tax counsel Floyd L. Williams, III, urged the Senate Finance Committee to simplify the tax code's treatment of intangibles. In oral testimony requested by the Committee, Williams presented the Foundation's view that the tax code's current treatment of intangible assets is overly complex and needs revamping.

Left unchanged, the current treatment of intangibles will continue to be the source of significant controversies between taxpayers and the IRS.

Williams called the tax treatment of intangible assets, such as subscription lists, "goodwill," and "going concern" value, acquired in business purchases "a complex issue, which ... left unchanged, will continue to be the source of significant controversies between taxpayers and the IRS."

Many of the controversies of present law could be eliminated through the specification of a single method and period for recovering the cost of most acquired intangible assets.

See Intangibles on page 7

TAX FOUNDATION

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FRONT BURNER

Remove Tax Barriers to U.S.-Owned Businesses in Europe

Senator Daniel Patrick Moynihan

Legislation that I have introduced in this Congress, the "European Community Competitiveness Tax Act of 1991," (S.1653) would amend the tax law to allow U.S. businesses a better opportunity to organize efficiently and compete effectively in the single European Community (EC) market. U.S. companies would be provided a greater opportunity to consolidate their EC activities, streamline their operations, and reduce their costs. In general, my bill would modify the subpart F rules of foreign taxation to enhance the ability of U.S. businesses to market their products in the EC on terms more comparable to their foreign competitors.

We have all been concerned, recently, with the difficulties U.S. businesses have had in competing in the world marketplace. Certainly, many factors besides tax policy are responsible, yet it is vital for us to modify our tax laws when we identify unnecessary restrictions on U.S. businesses competing in the international markets.

The EC member nations have been making steady progress toward a unified single market. As tax and trade barriers between these nations are removed, EC and other foreign-based companies are better able to centralize their businesses in one country and sell their products throughout the EC. By contrast, the U.S. subpart F rules require U.S. multinational companies either to operate separate subsidiaries in each EC country, with resulting duplication of operations and increased costs, or to risk immediate

See Moynihan on page 2

Daniel Patrick Moynihan, a Democrat, is the senior U.S. Senator from New York. He is a Member of the Senate Committee on Finance and Chairman of its Subcommittee on Social Security and Family Policy.

The opinions expressed in the Front Burner are not necessarily those of the Tax Foundation. Editorial replies are encouraged.

Moynihan from page 1

U.S. taxation on earnings and profits before those earnings are repatriated to the U.S. parent company.

These subpart F rules therefore create a Hobson's choice for U.S. multinationals—they may either forfeit the deferral of tax normally accorded unrepatriated foreign profits, or, to preserve deferral, they must create separate subsidiaries in each foreign country in which their product is marketed, thereby increasing their costs and the price of their products. Under either scenario, U.S. businesses are at a disadvantage in relation to their foreign competitors. Maintaining separate subsidiaries in each EC country is not only contrary to sound business practices, it is manifestly inconsistent with the direction of the economic, tax and trade policies of the new EC single market.

It is vital for us to modify our tax laws when we identify unnecessary restrictions on U.S. businesses competing in the international markets.

The subpart F rules, which were enacted during the Kennedy Administration, were designed to prevent U.S. companies from establishing subsidiaries in low-tax or no-tax countries—tax havens—in order to avoid U.S. taxation on earnings. They can come into play whenever a U.S. company routes foreign sales or services income through intermediate foreign subsidiaries—specifically, whenever a subsidiary of a U.S. corporation in one foreign country makes a sale to, or provides services for, an entity located in a different foreign country. If income is deemed subpart F income, the U.S. parent corporation must pay current tax on it, whereas, normally, foreign earnings are not taxed until repatriated.

Since the rationale for the subpart F rules is to discourage the use of foreign subsidiaries in low-tax, tax-haven countries for tax avoidance purposes, Congress has always provided an exception from their application for foreign subsidiaries in high- or full-tax countries. Prior to the Tax Reform Act of 1986, this "high-tax" exception was determined according to a subjective test. The Tax Reform Act imposed an objective standard under which foreign subsidiaries are not subject to subpart F taxation if they pay taxes in the foreign country at an effective rate that is at least 90 percent of the U.S. effective tax rate, based on U.S. earnings and profits principles.

The high-tax exception, which is intended to provide relief in appropriate cases from subpart F taxation, can often be too restrictive, however. It does not always effectively exempt U.S. foreign subsidiaries that are located in non-tax-haven, full-tax countries. This problem is particularly evident in the EC, where member countries generally are recognized as full-tax countries. U.S. corporate subsidiaries located in the EC have often been unable to satisfy the high-tax test, due to certain timing differences between the U.S. and foreign tax law, and due to the subpart F requirement that the computation of the high-tax exception be made utilizing depreciation schedules that are more restrictive than are available generally under foreign tax law or, indeed, under U.S. tax law for U.S. companies operating domestically.

One approach to remedying this problem would be simply to treat the EC as a single country for purposes of the subpart F rules. Under this rule, a U.S. multinational corporation could consolidate its operations into a single EC subsidiary and market its products throughout the single market without being subject to the subpart F rules. This approach ultimately may prove to be the simplest and most efficient means of allowing U.S. companies fair opportunity to compete in the EC. It deserves further consideration. Some have expressed concern, however, that the EC should make more progress toward complete removal of its own tax and trade barriers before being treated as a single country under our foreign tax rules.

These subpart F rules create a Hobson's choice for U.S. multinationals—they may either forfeit the deferral of tax normally accorded unrepatriated foreign profits, or, to preserve deferral, they must create separate subsidiaries in each foreign country in which their product is marketed, thereby increasing their costs and the price of their products.

This legislation would modify the high-tax exception threshold by lowering it from 90 percent to 80 percent.

I am concerned that too much delay over a solution to this tax problem will cost our companies valuable time as they strive to compete in a rapidly changing environment. In light of that fact, my legislation would, as an interim measure, make the subpart F rules more flexible as they relate to sales and services income of U.S. foreign subsidiaries located, and operating, in the EC. The bill would not, however, provide an opportunity for tax avoidance by U.S. subsidiaries in the EC. This legislation would modify the high-tax exception threshold by lowering it from 90 percent to 80 percent—that is, U.S. companies' foreign subsidiaries paying taxes in the foreign country at an effective rate that is at least 80 percent of the U.S. effective rate would not be subject to subpart F taxation. Further, the legislation provides that the 80 percent foreign effective rate would be calculated without regard to any net operating losses or other similar timing differences incurred prior to the date of enactment. If we made the high-tax exception test more liberal, U.S. multinationals could make necessary business decisions and centralize operations within the EC with greater certainty that they would not be subject to subpart F taxation.

We must make certain that our businesses are not placed at a competitive disadvantage due to unnecessary or overly restrictive U.S. tax laws. Amending the subpart F rules to allow U.S. multinational corporations to reduce their operating costs, without tax penalty, in order to compete more effectively would be an important step toward improving our competitive position in the emerging EC single market. ■

Foundation Holds Seminar on California State Tax Policy

Keynote speaker James C. Miller III, Co-Chairman of the Tax Foundation and former President Ronald Reagan's Director of the Office of Management and Budget from 1985-1988.

"California Fiscal Policy: Creating a Competitive Climate" was the theme of the Foundation's most recent state tax policy seminar. Held in Los Angeles on May 8, the event was kicked off by James C. Miller III, who put California's fiscal woes in a national context.

The state has been suffering from minimal income growth, a sluggish retail industry, and an unemployment rate over eight percent. In spite of the $6.6 billion in additional revenue from last year's tax increases in sales, individual income, and gasoline, the state anticipates a $1.3 billion budget deficit. For FY'93, legislators plan to combat the deficit with a series of revenue provisions.

The two panels of fiscal experts from California's public and private sectors followed the introduction with detailed analysis of these issues. At the luncheon, Donna Tuttle discussed a study newly released by the Council on California Competitiveness. ■

Luncheon speaker Donna Tuttle, President of Korn Tuttle Capital Group, Inc., and a member of the Council on California Competitiveness.

From left: Robert W. Poole, Jr., President, Reason Foundation; Larry McCarthy, President, California Taxpayers Association; Paul Merski, Director of Fiscal Affairs, Tax Foundation; and Robert Wycoff, President & Chief Operating Officer, ARCO, and chairman of the California Business Roundtable.

Matthew K. Fong, panelist who serves on the California State Board of Equalization.

From left: Barry Weissman, Tax Counsel, ARCO; Matthew Fong, Member, State Board of Equalization; Dan Witt, Executive Director, Tax Foundation; Ernest Dronenburg, Chairman, State Board of Equalization; Paul Merski, Director of Fiscal Affairs, Tax Foundation; Robert Ebel, Director of State and Local Services, KPMG Peat Marwick; and Gerald Goldberg, Executive Officer, California Franchise Tax Board.

New Survey Shows States Plan to Raise FY1993 Taxes in Response to Lower-Than-Expected Revenue

A new Tax Foundation survey of the 50 states reveals that new taxes in excess of $7.9 billion have been enacted or proposed for fiscal year 1993. After record tax increases of $17 billion in fiscal year 1992 and $10.3 billion in fiscal year 1991, the proposed FY'93 revenues will be the third largest increase since 1984. Three states, New York, Florida and Maryland, account for more than half of the total increase. New York has the largest tax increase on the drawing board — a plan to extract $1.6 billion in new revenue from a variety of measures, such as extending sunsetting provisions and increasing fees. Florida is contemplating $1.5 billion in new revenue, mostly from sales and business taxes. Maryland taxpayers, still adjusting to $90.1 million in new taxes from FY'92, are preparing themselves for a hit almost ten times as large, $875 million enacted in April of this year. (See tables for detail.)

Table 1
Proposed Fiscal 1993 Net Tax Increases by Major Type of Tax

($Millions)

Tax	Net Amount
Personal Income	$1,088.9
Business	880.5
Sales and Use	1,437.9
Motor Fuels	494.2
Tobacco	467.6
Alcohol	273.7
Property	13.0
Miscellaneous	2,780.4
Total (a)	$7,939.2

(a) Note: total includes $503 million in revenue ($500 million for Alabama and $5 million for W. Virginia) that is a combination of personal income, business, and miscellaneous taxes.

Source: Tax Foundation.

Two symptoms of the nationwide recession, low personal income growth and sluggish personal consumption, continue to make a mockery of state revenue estimates. After last year's substantial increases in individual and corporate income taxes and sales taxes, lawmakers are resorting to a variety of inventive revenue-raising measures: subjecting previously exempt items to sales tax, increasing existing fees and imposing new fees on new products and services, extending temporary tax increases, deferring tax relief legislation, accelerating tax collections, and strengthening audit and administrative enforcement activities. All told, lawmakers will add another $7.9 billion to state coffers, totaling a record $35.2 billion in new revenues in the past three years, $12.2 billion more than was added in the entire decade of the 1980s.

A tax on video poker in Louisiana, a bigger lottery take in Texas, a new pollutants tax in Florida, doubled DUI fines in Georgia — these new taxes and fees, along with accounting changes, comprise the category known as "miscellaneous taxes" and make up more than $2.8 billion of the newly proposed revenue. Spending more on audits is also included in this category and is on the rise as a way to raise revenue; in fact, New York projects a whopping $165 million in new revenue from more vigilant collection efforts. By raising such prodigious sums from such obscure sources, states show how desperate they are to simultaneously raise revenue but avoid the ire of taxpayers that would be roused by higher income and sales taxes.

Nevertheless, three states — Iowa, Mississippi, and Tennessee — are planning to bring in nearly $1.1 billion by raising sales tax rates, and sales taxes are second only to miscellaneous taxes as state revenue-raisers this year. But far more common than rate-raising is base broadening, that is, subjecting more products and services to the current sales tax rate. Florida, Louisiana, Maryland, Minnesota, Ohio, Rhode Island, South Carolina, Virginia, and Washington, D.C. have proposed broadening their sales tax bases to include items such as 1-900 numbers, cable TV, snack foods, and various sewage and solid waste services. All told, this base broadening will garner over $952 million in new FY'93 revenue.

New Jersey is bucking the trend by cutting its projected sales tax revenue by $605 million. Just two years ago, the state raised the rate to its current 7 percent level but is now looking to return the rate to 6 percent in an effort to remain economically competitive with surrounding states.

Eight states are contemplating changes in personal income taxes, with New York and Maryland passing the largest increases. New York extended its temporary increase in the top income tax rate and froze standard deductions at 1991 levels to raise $730 million. Maryland raised its top rate from 5 to 6 percent, increasing revenues by nearly $100 million. Colorado is also contemplating increasing its personal income tax rate from 5 to 6 percent for a $340 million boost in revenue. Arizona and Massachusetts are the only states considering income tax reductions.

Maryland taxpayers, still adjusting to $90.1 million in new taxes from FY'92, are preparing themselves for a hit almost ten times as large, $875 million enacted in April of this year.

Corporations may also feel the pinch of new taxes as states contemplate siphoning $880 million in additional revenues. Business may see increases in income taxes, filing fees, intangibles taxes, and changes in tax payment methods. Businesses in Massachusetts may see a hike in their unemployment compensation costs for employees. In New York, the 15 percent business tax surcharge scheduled to drop to 10 percent was extended for the next two years.

Finally, states will resort to various excise taxes on motor fuels, tobacco, and cigarettes to raise another $1.2 billion in new taxes for FY'93. Taxpayers may feel the heaviest blow from higher motor fuels taxes that will yield a potential $494 million increase. And eight states and the District of Columbia have enacted or planned increases in cigarette excises to raise $468 million in new revenues. ■

Table 2
Fiscal 1993 State Revenue Proposals by Type of Revenue and Net Increase or Decrease [a]

($Millions)

State	Personal Income Taxes	Business Taxes	Sales and Use Taxes	Motor Fuels Taxes	Tobacco Taxes	Alcohol Taxes	Property Taxes	Miscellaneous Taxes	Total Net Revenue
Alabama *	*	*						*	500.0
Alaska									
Arizona	(60.0)								(60.0)
Arkansas									
California									
Colorado	340.0								340.0
Connecticut									
Delaware									
Florida *		269.4	694.4	163.2	2.0	8.5		527.4	1,464.9
Georgia								233.0	233.0
Hawaii								(4.0)	(4.0)
Idaho							6.6		6.6
Illinois					10.0	82.0			92.0
Indiana									
Iowa			274.0						274.0
Kansas									
Kentucky	5.0								5.0
Louisiana *	15.0		325.0					426.6	766.6
Maine									
Maryland *	99.9	6.5	120.1	218.7	89.0			432.6	966.8
Massachusetts	(140.0)	260.0							120.0
Michigan					200.0	147.0			347.0
Minnesota			65.0		21.2				86.2
Mississippi	10.0		166.0						176.0
Missouri	55.0	40.0		64.0					159.0
Montana	34.0								34.0
Nebraska									
Nevada									
New Hampshire									
New Jersey			(605.0)						(605.0)
New Mexico									
New York	730.0	294.0		45.0				494.0	1,563.0
North Carolina									
North Dakota									
Ohio			57.1		97.0	33.3		12.0	199.4
Oklahoma									
Oregon									
Pennsylvania								60.0	60.0
Rhode Island		10.6	46.8					14.8	72.2
South Carolina			1.0					11.2	12.2
South Dakota					4.9				4.9
Tennessee			230.0					190.0	420.0
Texas *								462.0	462.0
Utah									
Vermont									
Virginia			28.9					70.1	99.0
Washington									
West Virginia *	*	*	(1.0)					11.1	13.1
Wisconsin					49.0				49.0
Wyoming									
Dist. of Columbia			35.6	5.5	4.5	2.9	6.4	39.6	92.5
Totals	$1,088.9	$880.5	$1,437.9	$494.2	$467.6	$275.7	$13.0	$2,780.4	$7,939.2

(a) No surveys were received from Arkansas and the District of Columbia.

Alabama - Revenue package includes changes to personal income tax, corporate income tax, and other miscellaneous excises.

Florida - Revenue estimates based on Governor Chiles' proposal. Other proposals include House Finance package estimated at $1,139.9 million and Senate Finance package estimated at $1,481.9 million. Includes pollutant tax, estimated to raise $163 million in motor fuels revenue.

Louisiana - Miscellaneous taxes comprised of fees for pharmacy costs, physcian costs, nursing homes, and insurance, tax on video poker, and refinancing of debt service payment.

Maryland - Includes one-time windfall gains, as well as all potential increases from local piggyback increases.

Massachusetts - Revenue estimate for business taxes based on calendar year 1992.

Texas - Revenue based on proceeds from state lottery approved on November 1991 ballot.

Virginia - Estimates are based on half of proposed revenue increases since current legislation estimates revenues on biennium budget (1992-94), totaling $197.9 million. Governor Wilder proposes similar legislation which would result in $123.7 million new revenues for the biennium.

West Virginia - $3 million of revenue relates to legislative bill changing the administration and collection of personal and corporate income taxes. Miscellaneous taxes include licenses for super bingo games and insurance premium tax on fire and casualty premiums.

Source: Tax Foundation. Data compiled from state survey of revenue departments, legislative officials, and governors' offices.

Study Shows Each State's Share of Rising Federal Tax Burden

A new study by the Tax Foundation puts the federal tax burden at a record $1,049 billion in fiscal year 1992, or $4,114 for every person in the United States. Titled *The 1992 Federal Tax Burden by State*, this detailed analysis of the Fiscal Year 1993 Federal Budget anticipates the 1993 burden reaching $1,143 billion, a sharp 9-percent increase over the 1992 take. Much of this increased tax burden can be attributed to the Omnibus Budget Reconciliation Act of 1990 (OBRA'90), which is estimated to bring in an additional $164 billion over five years (FY'91–FY'95).

The State-by-State Picture

Californians, as residents of the most populous state in the Union, bear the heaviest burden of federal taxes by a large margin, contributing over $140 billion to finance the federal government, or 13.4 percent of all taxes collected.

But by taking into account the states' populations, we get a different picture of which states' residents bear the heaviest load. Per capita, Connecticut ranks as the most heavily taxed state, with each resident paying $6,243 in federal taxes during 1992. Five other states will exceed $5,000 — New Jersey, Delaware, Alaska, New York, and Massachusetts. These same high-tax states have witnessed an $80 average increase per person in federal taxes from 1991 to 1992. The following ten states ranked the highest in taxes per capita in 1992:

1) CT	$6,243	6) NY	$5,041
2) NJ	5,920	7) MA	5,024
3) DC	5,365	8) MD	4,842
4) DE	5,129	9) IL	4,776
5) AK	5,111	10) NH	4,463

By contrast, taxpayers in the ten lowest per capita tax states paid an average of $2,966 in 1992. The dramatic difference among states can be seen when comparing the citizens of Mississippi, who paid $2,499, to those of Connecticut, who paid almost two and a half times as much in federal taxes. The ten states with the smallest per capita burdens are shown below:

51) MS	$2,499	46) LA	$3,087
50) UT	2,787	45) SC	3,115
49) WV	2,883	44) AL	3,116
48) NM	2,925	43) KY	3,126
47) AR	2,925	42) ID	3,146

Per capita tax burdens for all states, and their rankings for the current year (FY'92) are shown in the map below.

Tax Burden Outlook

As estimates for 1993 indicate, tax burdens can be expected to rise significantly due to a combination of the tax increases enacted under OBRA'90 and modest economic growth. Without significant reductions in projected federal deficit spending of well over $300 billion for the next several years, additional pressures to raise taxes will mount. These factors do not augur well for the possibility of a decline in the federal tax burden in the near future. ■

Per Capita Federal Tax Burden by State

Fiscal Year 1992

Source: Tax Foundation

Intangibles from page 1

These controversies generally concern:

(1) Whether an amortizable intangible asset exists;

(2) The portion of the purchase price of a business that can be allocated to such assets; and

(3) The proper methods and periods for recovering costs of such assets.

A principal trouble with these disputes between taxpayers and the IRS, according to Williams, is that, "They often result in different treatment of similarly situated taxpayers."

Most taxpayers would welcome the certainty and the reduction in IRS audit and legal expenses that would flow from major simplification.

"Many of the controversies of present law could be eliminated through the specification of a single method and period for recovering the cost of most acquired intangible assets," continued Williams, "and by treating acquired goodwill and going concern value as amortizable intangible assets."

Moreover, those taxpayers who currently cannot afford to pursue a controversy through the IRS administrative process or to challenge the IRS in the courts would be treated much more fairly.

"This is an area of the law where meaningful simplification is within reach," concluded Williams. "Although, as with any tax legislation, there would be winners and losers, in this case most taxpayers would welcome the certainty and the reduction in IRS audit and legal expenses that would flow from major simplification." ■

Upcoming Foundation Events

What	Where	When
Tax & Trade Policy Conference	Washington, DC	June 3
Foundation Policy Council Luncheon	New York City	June 25

FOUNDATION MESSAGE

The Need for Tax Simplification

Floyd L. Williams, III
Chief Tax Counsel

Our testimony before the Senate Committee on Finance last month on the issue of the proper tax treatment of intangible assets acquired in connection with the purchase of a business got me to thinking again about the need for tax simplification. H.R. 4210, the "Tax Fairness and Economic Growth Act of 1992," which was vetoed by President Bush, contained a provision that would have allowed most purchased intangibles (including goodwill and going concern value, which are not currently amortizable) to be amortized over a fourteen-year period, without regard to their actual useful economic lives. The simplification to be achieved would be the result of the elimination of many costly and time-consuming disputes between taxpayers and the IRS over how to allocate the purchase price of a business among the various assets that have been purchased.

Tax simplification also is a goal of the project we have undertaken with Professor Joel Slemrod, of the University of Michigan to study the cost of corporate tax compliance. If we can get a better grasp of the cost components of corporate tax compliance, we can better begin to devise ways to reduce those costs and, thereby, channel more time and effort into productive endeavors. Hopefully, we will also be able to devise a way to judge new legislative proposals in terms of how much they will add to the cost of tax compliance.

Though one might think that tax accountants have the most to gain from having a complex tax system, the Tax Division of the American Institute of Certified Public Accountants (AICPA) recently published an excellent document, titled "Blueprint for Tax Simplification." According to this document, the complexity of our tax law has reached the point where many taxpayers and practitioners believe that it is undermining the tax system. The principal causes for concern are frequent change, the lack of deliberation in the legislative process, and the increasing magnitude and complexity of the Internal Revenue Code. According to the AICPA, the main problems resulting from the existing law's complexity are the inability of taxpayers to understand and comply with the law, taxpayers' perception that the law is unfair, difficulty on the part of the IRS to administer the law, increasing compliance costs, and interference with economic decision making.

The AICPA's Blueprint sets out four elements that will be necessary to achieve a simpler tax system. These are (1) a visible constituency to communicate the need, (2) guiding principles to consider in pursuing tax simplification, (3) recognition of the factors causing complexity, and (4) consideration of simplicity throughout the legislative process.

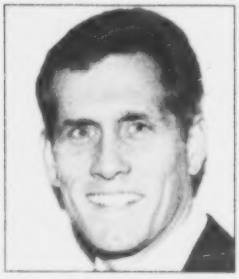
The AICPA has strongly endorsed tax simplification. When tax accountants are calling for simplification, it is indeed a sign that the system is in trouble. The U.S. Congress should heed that call. A good starting point would be the purchased intangibles legislation contained in H.R. 4210. That bill also contained several other tax simplification measures that ought to be considered seriously.

Our current tax system is nearing the point where it will fall of its own weight if the trend toward complexity is not halted. It is time to reverse that trend and start to draft a tax code that is fair, easily understandable, and does not interfere with economic decision making.

Visiting Professors Chosen for Summer Research Program

After a thorough review of nearly 100 applications, the Tax Foundation has selected two visiting professors for the summer of 1992. The visiting professor program, which is intended to build bridges between the academic community and policy makers, was made possible through generous gifts from the accounting firms of Ernst & Young, and Arthur Andersen & Company.

The Ernst & Young visiting professor will be Patrick J. Wilkie, Assistant Professor of Accounting at the George Mason University School of Business Administration. Joosung Jun, Assistant Professor of Economics at Yale University, will be the Arthur Andersen visiting professor.



Patrick J. Wilkie
Assistant Professor of Accounting
George Mason University School of Business Administration

Professor Wilkie's Ph.D. is from the University of Michigan, as are his graduate and undergraduate degrees. He worked as a tax specialist at Peat Marwick and taught at the University of Michigan and the University of Texas, prior to assuming his current position at George Mason.

He has published many research papers, several of which have appeared in *The Journal of the American Taxation Association*, and he is the recipient of several honors, including an Arthur Young Foundation Grant and a Peat Marwick Main & Co. Fellowship. His most recent research analyzes the methods used by the Congressional Budget Office (CBO) to determine household income and taxes in the development of tax distribution studies.

Joosung Jun
Assistant Professor of Economics
Yale University

Professor Jun received his Ph.D. and graduate degrees from Harvard University; his undergraduate degree is from Seoul National University. Before assuming his present position, he was a faculty research fellow at the National Bureau of Economic Research (NBER), a teaching fellow at Harvard University, and a research assistant to Professor Martin Feldstein. His papers have been published by NBER and the University of Chicago Press.

Professor Jun's research interests include the effects of taxation on capital formation, international aspects of taxation, the real and financial behavior of multinationals, and East Asian economics. Some of his recent work includes studies of taxation's effect on international direct investment, the effects of multinationality on market valuation, and taxation's impact on multinational research and development.

In addition to continuing to pursue their research interests while at the Tax Foundation, Professors Wilkie and Jun will be meeting with tax policy makers in the legislative and executive branches of government, as well as with tax experts in the private sector. ■

Tax Features

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